

OPENING

Chairman Merritt brought the meeting to order at 6:00 p.m. welcoming all in attendance and led the Pledge of Allegiance.

PRESENT

Board Members:

Chairman Harold Merritt
Mayor Marty Lisonbee
Board Member Ross Gregerson
Board Member Denny Bass
Board Member Jerry Jorgensen (Zoom)

Others:

Ben Billingsley (Deputy Recorder)
Rod Mills (Engineer)
Dale Harris (Water Superintendent)
Matt Kennedy (RCAC)

CONSENT AGENDA

A. Board Meeting Minutes for April 2, 2020

MOTION: Mayor Lisonbee moves to approve the minutes
SECOND: Board Member Bass
VOTE: Chairman Merritt called for a vote:
Board Member Gregerson Aye
Chairman Merritt Aye
Mayor Lisonbee Aye
Board Member Bass Aye
Board Member Jorgensen Aye

The vote was unanimous and the motion carried.

STAFF REPORTS

1. Dale Harris, Superintendent

Well 59 is running 65 gallons/minute since May 5. Customers are using more water than normal in that area. Consumer confidence reports are due at the end of the month.

2. Rod Mills, District Engineer

They will skip his report for now. His report will be given during the course of the meeting on the following agenda items.

DISCUSSION AND ACTION

3. DISCUSSION AND POSSIBLE ACTION ON COOKE WELL

Chairperson Merritt summarizes that a contract has been awarded work, but funding has been the issue.

Mr. Mills summarizes that the Cooke Well is in the aquifer area associated with Well 59, but it was not listed in the original agreement with the drinking water board. There was a question if we could spend the money on the Cooke well from the Well 59 funding. He sent a request letter to the drinking water board for a change of scope. Mr. Mills reports that the board has approved the change of scope without a vote of approval because the amount was relatively small, and the letter should be arriving to the office shortly. The amount of money that is left over for use on the Cooke well is approximately \$22,000.

This will allow the District to get the backup well online and in compliance, and this is a critical component in the system especially with Well 59 producing non-stop at this time.

4. USDA RD Water Project Update

Mr. Mills reports that things are moving on this project, and that the preliminary plan set is being worked on for the spring rehabilitation, as well as the government required documents that are required to be submitted. He would like to have a reasonable design creating a line from the spring to the tank. All the required documents will be submitted to the USDA within the next couple of weeks. We should hear back within 30 days of our submission date. The BLM has issued a letter indicating their approval of the construction plan. The board and rod discusses road improvements to get the necessary equipment up there.

5. GOOSEBERRY PRESERVE PROJECT UPDATE

Chairperson Merritt reports that the Gooseberry preserve project has placed their water rights in the water bank. The water rights agreement has put all the water rights in our bank. This is signed but not yet recorded. Mr. Mills reports that these water rights will bolster the bank for the entire system, even though it is allocated specifically for their project. Twenty five of these will belong to the district as long as the project is completed.

6. RCAC RATE STUDY PRESENTATION

Matt Kennedy introduces RCAC, and that he has been working over the last few months to complete a rate study analysis. He shares a presentation via zoom. He speaks of several different types of reserves, and the amount of time the district would have to build these reserves. Variable and fixed costs are explained and which type of costs are covered by which income stream. He shows how the idea of a \$49.00 base rate would work for the District. Over the next 5 years would this would balance the budget if the district gets significant impact fees to cover the amount that should be placed in reserves.

Chairman Merritt states that he is not willing to go higher than the \$49.00 base rate. This will be for the next year and then they will look into things again and see if they need to go higher. It has been 8 years since the district has touched the rates.

Board Member Gregerson states that rates have stayed low for as long as possible. The sweat equity that has been put into the system has carried the district as long as possible, and the anticipated impact fees simply haven't come in. Board Member Gregerson would like to do the one time rate increase and not implement the 6% increase next year that was proposed by RCAC right now. He would like to see how the next year goes.

Chairperson Merritt states he **doesn't** like having this conversation, but he **doesn't** want to have the conversation that the fire department went out and hooked up to a hydrant that **didn't** produce the needed water. He also states concerning impact fees, that he has a list of \$400-600,000 of impact fees in the pipeline, and we can no longer rely on the hopes of projects and homes to sustain the district.

Mayor suggests the board begins reviewing the rates yearly. This will help us decide if the district is receiving enough impact fees to keep the base rate the same or we need to raise the rate again.

Matt suggests that rates be reviewed on an annual basis. Rates **don't** always have to go up, as there are more users to spread out expenses.

7. PUBLIC HEARING FOR FISCAL YEAR 2020-2021 TENTATIVE BUDGET AND PROPOSED BASE RATE INCREASE.

Chairman Merritt mentions the board will entertain comments from the public, and states that comments from the public **won't** be addressed during the comment, but addressed after all the comments have been made. He mentions that a hardship clause for this increase will be included at a future time.

Rich Ososki – 40% is a big increase. Are the impact fees less now because fewer homes are being built? Does this have something to do with COVID19? Has Matt ever seen a Town anywhere in the US where rates have gone down over time? At one time rate were \$25 and included as much water as you could use. Is there a system for people who can't

pay? Would it be possible if the Gooseberry project goes in that the rates could go down?

Margaret Ososki – What are the commercial fees and will they be going up as well? How many customers in town are behind on payments and are there any impact fees that are behind. Are there outstanding bills that could be collected? In 2018 the district was in the black then in 2020 we are in the red, what happened?

Christy Jorgensen – Have we exhausted all options prior to increasing rates? Have we asked the Water District if they could be a resource for us? What happens to the people that have multiple meters? She has 4 meters so this increase is significant for her.

Rich Ososki – Is it possible that after 1 year the rates would go up again?

Barrett Nelson – A rate increase is being proposed and has been proposed at 40%, but this is a base rate increase of 68%.

Matt from RCAC mentions that the 40% increase is an average of the entire bill including usage.

Russ and Cheryl – Asks if the rate study looked at any curve expenses, budget proposals included adding a new staff member, and is this appropriate when asking for a rate increase. Can the RCAC conduct an audit based on decisions of the management group? Can the RCAC conduct an analysis of combining with the Water Conservancy District?

Joan Dinneen – She has a request of the board. She's calling for a removal of Mr. Jorgensen from the board. His behavior last night was unbecoming of a public official.

Jason Graham- (comment in the chat box) Why do all the rate models within this study show a decrease in revenue?

Kate Van Heule – Significant revenue may be raised through impact fees, and can we guarantee that no more deals will be cut to developers?

Anthus Barlow- Shouldn't the system operate without impact fees. Don't impact fees have to be spent on specific things and not operations?

Chairperson Merritt mentions that people with a hardship can come into the office to work something out with the district.

Board Member Gregerson mentions that the information Ben had prepared may answer many of these questions and suggests they move to that.

Deputy Recorder Billingsley shares the cash model to show cash in the bank. This demonstrates that without any changes the district will be in the negative in December. With the \$20 base rate increase the district will still be squeaking by but hopefully with a little less dependence on the impact fees.

Mayor Lisonbee mentions the government thresholds for those who are low income and how the district might be able to forgive based on this.

Chairperson Merritt mentions that he doesn't know of anyone that owes the district money that hasn't paid. He doesn't think that there will be any other rate increases at this time on the near future.

Justin Cannon- Have you considered the idea that raising fees is pushing some people away who want to move in or operate a business here.

Deputy Recorder Billingsley addresses the question about the financial model showing a decrease in revenue. This is because we need a reasonable assurance that we have a \$90,000 impact fee in year one of the gooseberry project. In addition there is the additional \$43,000 grant that is for the source protection plan and spring rehab which is removed in expenses.

Impact fees cannot be spent on operations but they can be spent on debt service for the systems upgrade.

Impact fees and building rates have remained the same for the previous 4-5 years.

Matt mentions a community that needs to add a well. This has required them to increase rates today but in 2 years another loan for a different well will be dropping off and at that time they will be lowering the rate back down.

The question is addressed about the commercial rates and if they are going up as well. It is recommended that if the board decides to adopt the resolution tonight to raise rates tonight that they also raise the rates proportionally for all connections.

Mayor Lisonbee explains what he found when looking into the price of water through the conservancy district versus our special service district. His bill when compared to his friends was lower. Our district runs as lean as possible.

For those with multiple meters; you can continue to pay on it toward their impact fee. The other option is to stop paying the impact fee.

For customers with multiple connections, the District Engineer suggests the district just put all those meters together under the same base rate and then she would pay for her water usage based on the tiered usage. If she was to sale the lots the meters would be broke out again. This would all just be an administrative change; it wouldn't change the physical water system structure.

The District would like to start looking at the rates on an annual basis.

Matt shows the 42% total bill increase on his excel worksheet with the increased base rate of \$49.00.

The budget is about as tight as it can get.

This year's budget does not include any additional staff.

We are audited by a 3rd party CPA firm on an annual basis. The CPA firm did look at the documentation for the impact fee reduction and the decision that was made. The CPA firm was satisfied with the results of their findings.

The reason for the base rate change is that it is more predictable than usage rates. This allows the district to chart its course more clearly. Base rates are used to pay for fixed expenses and debt service. Usage rates should cover variable costs.

Debt forgiveness by the state has not been considered by the district or the State.

The majority of district loans have a very low or no interest rate.

Deputy Recorder Billingsley goes over a few more numbers. Cash out the door each is \$36,000 per month. If you only include base rates each property owner would be paying \$96.00 per month for their base rate. If you include standby services it would be \$76.00 per month. The service area here is about 21 people per square mile. Compared to other municipalities in the county it is significantly less than anywhere else. We have 300 water connections to share the cost. He shares rate comparisons.

8. DISCUSSION AND POSSIBLE ACTION ON ADOPTION OF WATER BASE RATE INCREASE. RESOLUTION BPW-2020-02.

Deputy Recorder Billingsley reads the resolution.

The mayor addresses the WCWCD assistance, and what water rates are much more expensive through them.

MOTION: Mayor Lisonbee moves to adopt the resolution BPW 2020-02 with the condition that other meter sizes are increased proportionally the same at 68%.

SECOND: Board Member Board Member Gregerson

VOTE: Chairman Merritt called for a vote:

Board Member Gregerson	Aye
Chairman Merritt	Aye
Mayor Lisonbee	Aye
Board Member Bass	Aye
Board Member Jorgensen	Aye

The vote was unanimous and the motion carried.

9. DISCUSSION AND POSSIBLE ACTION ON ADOPTION OF FISCAL YEAR 2020-2021 ANNUAL BUDGET RESOLUTION BPW-2020-03

Chairperson Merritt opens the public hearing for the budget.

Chairman Merritt closes the public hearing.

MOTION: Board Member Bass moves to accept the 2021 annual budget as noted.
SECOND: Chairperson Merritt
VOTE: Chairman Merritt called for a vote:
Board Member Gregerson Aye
Chairman Merritt Aye
Mayor Lisonbee Aye
Board Member Bass Aye
Board Member Jorgensen Aye

The vote was unanimous and the motion carried.

10. PUBLIC HEARING FOR FISCAL YEAR 2019-2020 BUDGET AMENDMENT

Chairman Merritt opens public hearing

Mayor Lisonbee comments that in order to cover expenses and have a compliant budget (meaning a balanced budget) we had to increase our impact fees to \$241K knowing that it was unrealistic despite the fact that the district only received about \$50,000.

Chairman Merritt closes public comment.

11. DISCUSSION AND POSSIBLE ACTION ON ADOPTION OF FISCAL YEAR 2019-2020 ANNUAL BUDGET RESOLUTION BPW-2020-04

MOTION: Mayor Lisonbee moves to adopt the amended budget for 2019-2020. Resolution BPW-2020-04
SECOND: Board Member Bass
VOTE: Chairman Merritt called for a vote:
Board Member Gregerson Aye
Chairman Merritt Aye
Mayor Lisonbee Aye
Board Member Bass Aye
Board Member Jorgensen Aye

The vote was unanimous and the motion carried.

12. OPEN AND PUBLIC MEETING TRAINING

Deputy Recorder Billingsley shows the OPMA training from the state auditor's office.

ADJOURNMENT

MOTION: Chairman Merritt moves to adjourn the meeting

SECOND: Board Member Bass

VOTE: Chairman Merritt called for a vote:

Board Member Gregerson Aye

Chairman Merritt Aye

Mayor Lisonbee Aye


Board Member Bass Aye

Board Member Jorgensen Aye

The vote was unanimous and the motion carried.

Meeting adjourned at 7:30 p.m.

Date approved: 9 March 2021



Harold Merritt, Chairman

ATTEST BY: Michelle Kinney
Ben Billingsley, Deputy Recorder Clerk